

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT:
AUGUST 2005 PROJECT PIPELINE UPDATE

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This report was last updated on **31 July 2005**. The information contained on this report will reflect the status of each project and new project entries.

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I. INTRODUCTION AND GUIDE TO EBRD'S PROJECT PIPELINE:

Project finance is the EBRD's core business. The EBRD has committed more than €22.7 billion (about \$29 billion) to both private and state sector projects. All projects provide a number of procurement opportunities. U.S. companies can access information about EBRD's projects through the EBRD's website www.ebrd.com/oppor/procure/opps/index.htm.

The interval between identification of a project and its approval varies in every case. Each entry in the Project Pipeline identifies the status of a particular project in the project cycle.

After loans are approved, entries are dropped from the Project Pipeline and appear on the Projects Approved page of the EBRD's website.

We would like to draw U.S. companies' attention to state sector projects. In that they are followed with international tendering processes, whereas procurement under private sector projects are completed by the EBRD's client. In which case it would be important to contact the EBRD's client directly.

Inclusion of a project in the Bank's Project Pipeline does not imply any commitment on the part of the Bank to finance the project.

New projects, which appear in the Project Pipeline for the first time, are indicated by the abbreviation (N) before the project name. For additional information on any of these projects, interested parties are requested to contact the executing agencies directly and NOT the European Bank.

II. PROJECTS SCHEDULED FOR BOARD CONSIDERATION:

	Project name	Country	Date disclosed
A	Southeast Europe Equity Fund II	Regional	28 Jul 2005
B	Locko Bank SME Credit Line	Russia	27 Jul 2005
C	Air Liquide - Severstal JV	Russia	25 Jul 2005
D	Savola Kazakhstan	Kazakhstan	21 Jul 2005
E	Regional Gas Distribution Project	Kazakhstan	19 Jul 2005
F	Odessa High Voltage Grid Upgrade	Ukraine	14 Jul 2005
G	Constanta By-Pass Project	Romania	11 Jul 2005
H	Krasnodar Municipal Services Development Programme	Russia	1 Jul 2005

A

Project name: Southeast Europe Equity Fund II
Country: Regional
Project number: 34894
Business sector: Equity funds
State/Private: Private sector
Environmental category: FI
Board date: 6 September 2005
Status: Passed concept review, Pending final review
Date PSD disclosed:
Date PSD updated: 28 July 2005

Project description and objectives:

The proposed project is a regional private equity fund with a target size of USD 200 million. The Fund will invest for long-term capital appreciation through privately-negotiated transactions in equity of companies operating in Southeast Europe and neighbouring countries.

Transition impact:

Transition impact comes from demonstration effects through sound investments in Southeast Europe. The Fund manager is expected to adopt a hands-on approach by taking positions on boards of portfolio companies and transferring technical expertise to the portfolio companies. Through the significant

involvement of its local team, the Fund is expected to contribute towards the transfer of vital investment skills to local managers based in the region.

The client:

Southeast Europe Equity Fund II LP is a private equity fund to be established as a Cayman Islands exempted limited partnership. Bedminster Capital Management LLC will be the Fund Manager and will provide advice and assistance with respect to investment decisions and other activities of the Fund.

EBRD finance:

Commitment to invest up to USD 50 million in the equity of the Fund, subject to the size of the Fund. The co-financing is expected from a range of institutional investors, including European and US institutional investors as well as from the Overseas Private Investment Corporation (OPIC).

Total project cost:

Target size of the Fund is USD 200 million.

Environmental impact:

The Fund will follow the EBRD's Environmental Procedures for Private Equity Funds. In implementing these procedures, the Fund will assess potential environmental issues associated with its investments which are required to comply, at a minimum, with local/national health, safety, labour, environmental and public consultation requirements.

Technical cooperation:

None.

For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

Company contact:

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Business opportunities:

For business opportunities or procurement, contact the client company.

General enquiries:

EBRD project enquiries not related to procurement:

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B

Project name:	Locko Bank SME Credit Line
Country:	Russia
Project number:	35787
Business sector:	Financial Institutions: Bank equity/Bank lending
State/Private:	Private sector
Environmental category:	FI
Board date:	6 September 2005
Status:	Passed concept review, Pending final review
Date PSD disclosed:	
Date PSD updated:	27 July 2005

Project description and objectives:

The proposed project envisages providing a loan of USD 10 million to Locko Bank, a private medium-sized Moscow-based bank for on-lending to SMEs operating in Moscow, Moscow region and the main regional centres where the bank is planning to open branches. The project is aimed at supporting the SME sector in Moscow, St. Petersburg and other regions of Russia.

Transition impact:

The transition impact potential of the Project is expected in the following areas:

- The proposed project will support the institutional and financial strengthening of Locko Bank. It will allow the bank to extend the range of products offered to its SME clients and to compete in this market segment with state-owned and larger privately owned banks.
- By supporting private sector SMEs through the provision of medium and long term funds, the Project will raise the level of financial intermediation in Moscow, Moscow region and other regions and allow EBRD funds to reach sub-borrowers requiring longer-term investment funding, which is currently not available to them.
- The project will facilitate the development of Locko Bank's regional network and expanding SME lending to the regions.

The client:

Locko Bank, a Moscow-based bank with 4 offices in Moscow and a branch in St. Petersburg.

EBRD finance:

A four-year senior loan of USD 10 million.

Total project cost:

USD 10 million.

Environmental impact:

Locko Bank will be required to comply with EBRD's Environmental Procedures for SME financing which require adherence to the Bank's Environmental Exclusion and Referral List, compliance with the applicable national environmental, health and safety requirements and submission of an Annual Environmental Report to the Bank.

Technical cooperation:

None.

For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

Company contact:

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Business opportunities:

For business opportunities or procurement, contact the client company.

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C

Project name: Air Liquide - Severstal JV
Country: Russia
Project number: 35545
Business sector: General manufacturing
State/Private: Private sector
Environmental category: B
Board date: 6 September 2005
Status: Passed final review, Pending board approval
Date PSD disclosed:
Date PSD updated: 25 July 2005

Project description and objectives:

The proposed project will construct and operate an on-site air separation plant to upgrade the quality and reliability of oxygen and other industrial gases supplied to Severstal and to improve energy efficiency. Air Liquide will provide managerial and technical know-how to the JV and Severstal will ensure a long-term off-take for produced oxygen and other industrial gases from the newly created company. This is consistent with the outsourcing arrangements that Air Liquide operates around the world.

Transition impact:

- Demonstration of new replicable behaviour and activities of a major Russian steel company: Severstal will serve as an example of restructuring in the Russian steel sector. Co-operation with leading global companies is an important element in Severstal's business strategy. Outsourcing Severstal's air separation production to Air Liquide – a leading global supplier of air separation technology, processes and services will further promote this process and serve as an example to other major Russian steel producers.
- The proposed project will introduce the most advanced technology worked out by Air Liquide for industrial gases production and supply, providing a high-profile model for the transfer of modern technology and know-how into a major Russian industry. There will also be significant associated skill transfers in terms of quality management, energy efficiency and environmental performance from the strategic investor.

The client:

Air Liquide Severstal Joint Venture set up by Air Liquide SA (75%) and OAO Severstal (25%).

Air Liquide SA is a leading international industrial gases supplier and OAO Severstal is a major Russian integrated steel and rolled products producer.

EBRD finance:

Up to EUR 72 million senior long term loan comprising of A-Loan of up to EUR 36 million, B-Loan of up to EUR 36 million syndicated to the commercial banks.

Total project cost:

EUR 103 million.

Environmental impact:

Environmental classification and rationale

The project was screened B/1, requiring an Environmental Audit and Environmental Analysis in line with the Bank's Environmental Policy and Public Information Policy. The modernisation and replacement of an existing air separation plant is associated with a number of environmental issues, which can be readily identified, assessed and mitigated as part of an Environmental Analysis. An Environmental Audit of the existing facilities was undertaken to determine environmental risks and liabilities.

Key environmental issues and mitigation

Environmental issues associated with the operation of an oxygen plant are not significant, notably as this will be a new installation constructed within the existing steel plant complex, employing state-of-the-art technology. The plant will be operated in accordance to Air Liquide's environmental best practices, which are based on EU environmental standards and requirements. Noise and vibration, which are normally associated with such plants, will be mitigated at the design stage and given the installations location will not affect the background levels. All cooling water will be recycled. Waste oil will be the only liquid effluent and this will be handled at Severstal's oil regeneration facilities. These measures are aimed to ensure that the environmental issues will be sufficiently managed to prevent or minimise impacts on staff and local population as well as on the environment.

Given that the plant will rely on the operation of the Severstal steel plant, a top level review of the steel plant was also undertaken. The steel plant has been meeting all local and regional environmental standards and is generally in compliance with Russian regulations and the World Bank standards. The plant has implemented an environmental management system and has been certified according to ISO 14001. Severstal steel plant's environmental track record is better compared to the other Russian steel plants and the Company has been active in trying to improve the environment within the city of Cherepovets. The

Company has reduced emissions by 50% in the last 10 yrs and 67% in the last 15 yrs and has an ongoing improvement program and future improvements projects planned for air, water and solid wastes.

Environmental opportunities

The project will allow for significant environmental opportunities, mainly through energy efficiency at the steel plant. The new installation will replace old units which date from the 1960s, and are characterised by low efficiency. Alternative projects have been considered, including upgrading existing installations. The Air Liquide option allows for a 30% reduction in power use compared to the alternative studied and will also benefit from the existing project through CO2 emissions reduction close to 50,000 tpa. The new installation is part of an overall modernization program at Severstal.

Summary of Environmental Action Plan

The company will be required to adhere to Russian and EU environmental, health and safety regulations and standards. All relevant permits will need to be obtained during the construction period and prior to commissioning the plant. As all environmental protection measures have been incorporated in the project structure, there is no need for a stand alone Environmental Action Plan.

Disclosure of information and consultation

In the context of the EBRD's participation in the project, the Company will release locally a summary of relevant environmental issues associated with the project and summarise mitigation measures, action plans and other initiatives agreed.

Monitoring and reporting

The Company will monitor the environmental impact of its operations in accordance with national law and regulations. The Bank will evaluate the project's compliance with the applicable environmental and social requirements during the lifetime of the project by reviewing annual environmental reports prepared for the project covering:

- (i) ongoing performance of project-specific environmental, health and safety activities as reflected in the results of periodic and quantitative sampling and measuring programmes, and
- (ii) the status of implementation of environmental mitigation and improvement measures. The Bank's representatives will also conduct periodic site supervision visits when deemed appropriate.

Technical cooperation:

None.

For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

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Business opportunities:

For business opportunities or procurement, contact the client company.

General enquiries:

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Email: projectenquiries@ebrd.com

D

Project name:	Savola Kazakhstan
Country:	Kazakhstan
Project number:	36193
Business sector:	Agribusiness
State/Private:	Private sector
Environmental category:	B
Board date:	6 September 2005
Status:	Passed concept review, Pending final review
Date PSD disclosed:	
Date PSD updated:	21 July 2005

Project description and objectives:

The proposed project is a brownfield expansion of the operations of Turkuaz Edible Oil Industries, a subsidiary of Savola Edible Oils, through the capital expenditures in the refining and crushing facilities. At completion, the overall capacity will approximately have doubled.

Transition impact:

The proposed project is expected to have a strong transition impact including a contribution to the development of sunflower seed cultivation in the Aktobe region, and in the neighbouring regions of Uralsk and Kostanay, in North West Kazakhstan. The Project will also contribute to enhancing competition through the expansion by a skilled international operator in the bottled oil market, leading to the introduction of new high quality products which will ultimately increase consumers' choice of well packaged branded products in line with international

standards and increase the competition for other local as well as foreign operators.

The client:

Turkuaz Edible Oil Industries, a sunflower oil producer located in Kazakhstan, and involved in the crushing of sunflower seed, and selling of the refined, bottled oil. Turkuaz is a subsidiary of Savola Edible Oils, an edible oil producer and part of the Savola Group, the leading Saudi Arabian food company.

EBRD finance:

EBRD financing package of up to USD 16 million, including senior secured loans and working capital financing.

Total project cost:

USD 38.7 million.

Environmental impact:

This project is screened B/1 requiring an environmental audit and analysis. These studies will look at environmental impacts and liabilities associated with past and current operations at the facilities and potential future environmental impacts associated with the expansion programme. The studies will be completed by independent environmental consultants and will result in recommendations, as required, to ensure compliance with national and EU environment, health and safety standards. This section of the PSD will be updated following the completion of environmental due diligence.

Technical cooperation:

None.

For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

Company contact:

Turkuaz Edible Oil Industries LLP
General Manager
41, Razyezd, Kursantskoe Highroad
Aktobe
Kazakhstan

Business opportunities:

For business opportunities or procurement, contact the client company.

General enquiries:

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E

Project name:	Regional Gas Distribution Project
Country:	Kazakhstan
Project number:	34728
Business sector:	Power and Energy utilities
State/Private:	State sector
Environmental category:	B
Board date:	29 November 2005
Status:	Passed structure review, Pending final review
Date PSD disclosed:	
Date PSD updated:	19 July 2005

Project description and objectives:

The proposed project will finance urgent rehabilitation of gas distribution pipeline network and meters installation in Southern Kazakhstan to reduce losses, improve collection rates and continue safe supply of gas to domestic consumers.

Transition impact:

The transition impact of the project will come from:

- (i) commercialisation of the Borrower through operational improvements arising from the project
- (ii) regulatory institutions and methodology strengthening
- (iii) financial information disclosure enhancement.

The client:

The borrower will be Joint Stock Company KazTransGas Distribution (KTGD), a fully owned subsidiary of Joint Stock Company KazTransGas (KTG) registered in Kazakhstan, responsible for domestic gas distribution and sale within the KTG group. KTG will provide a project completion guarantee to KTGD.

EBRD finance:

A senior secured A/B loan of USD 50 million to KTGD with an A loan of USD 30 million and a B loan of USD 20 million to be syndicated to commercial banks.

Total project cost:

The total project cost is currently estimated at about USD 63 million.

Environmental impact:

The project is screened B/1.

The environmental issues associated with gas distribution are not considered major. A Lender's Engineer will assist the Bank during environmental due diligence which will review, inter alia potential liabilities which may be associated with soil and groundwater pollution from former gasworks/gas operations. Due diligence will also establish the current status of compliance with Kazakhstan and EU requirements and investigate potential for Greenhouse Gas reduction as a result of gas leaks. There are likely to be significant environmental opportunities associated with the rehabilitation process and the potential for Greenhouse Gas reduction will be investigated.

Technical cooperation:

Kazakhstan Network Infrastructure Regulatory Development TC (ID: 34896): A TC to the Anti-Monopoly Agency (AMA) currently under implementation to, inter alia, review gas distribution tariff methodology in line with international practice.

Funding is provided by the Japanese government.

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Procurement or tendering opportunities:

Visit [EBRD Procurement](#)

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F

Project name:	Odessa High Voltage Grid Upgrade
Country:	Ukraine
Project number:	33896
Business sector:	Power and Energy utilities
State/Private:	State sector
Environmental category:	

Board date: 29 November 2005
Status: Passed concept review, Pending final review
Date PSD disclosed:
Date PSD updated: 14 July 2005

Project description and objectives:

The proposed project consists of the construction of a new 330 kV Overhead transmission line (OHL) interconnection between Usatove and Ajalyk substations located in central districts of Odessa region neighbouring with Odessa city. The main purpose of the project is to reduce losses, increase quality, efficiency and reliability of electricity transmission in the region.

Transition impact:

The proposed project is the first of a number of projects that the Bank is considering financing with Ukrenergo, as per a Protocol of Cooperation signed with Ukrainian Government. Such an agreement reflects the overall reform programme and investment targets that the two parties want to implement.

The project will support improvement of electricity transmission reliability, network loss reduction, and security of supply in the Odessa region. Collaterally, the project will free up much needed transmission line capacity needed for trade between neighbouring Moldova and Ukraine, particularly in the peak winter demand period.

While implementing the project the Bank will also require cooperation with a study to recommend on improvements of Ukrenergo's corporate governance, transmission tariff methodology and steps for the Ukrainian energy system to become part of the EU's internal energy market, starting with integration into UCTE (Union for the Coordination of Transmission of Electricity).

The client:

Ukrenergo, the company responsible for high voltage transmission and dispatch of electricity in Ukraine.

EBRD finance:

Up to EUR 40 million sovereign-guaranteed loan.

Total project cost:

Up to EUR 40 million, plus local costs payable by Ukrenergo to be determined.

Environmental impact:

Ukrenergo is planning to construct a new, second 330 kV transmission line to connect Usatove and Ajalyk.

The project includes:

- construction of the 124 km transmission line;
- extension of Ajalyk substation; and
- extension of Usatove substation.

The objective of this project is to increase the reliability of power supply to consumers in the Odessa region and to decrease dependency on unstable power supply from Moldova.

The project is screened A/0, requiring Environmental Impact Assessment (EIA) of the transmission line. EIA prepared by local design institute in accordance with national requirements was reviewed by the Bank and independent international consultants and were subsequently amended to comply with Bank requirements. The EIA confirmed the adequacy of the route selection and did not identify major environmental issues. The routing of the line is not affecting protected areas and the transmission corridor is at a sufficient distance to avoid negative impacts on local population. The EIA includes sets of recommendations to alleviate any impact during construction and operation.

The EIA process had already included the first public scoping meeting held on 21 and 22 April 2005 in four project districts of Odessa region (Kominternivskiy, Ivanivka, Biliavka, Rozdilna districts). The draft final international EIA documents were made publicly available as required under the Bank's policies, in both the national language and in English. The public hearing is planned for September 2005.

Previous extensive interactions with the public and NGOs on the project have not revealed any sensitive environmental issues.

Technical cooperation:

EUR 115,000 non-reimbursable TC for technical and environmental due diligence provided by German Government.

EUR 100,000 non-reimbursable TC for project preparation provided by USAID.

For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

Procurement or tendering opportunities:

Visit [EBRD Procurement](#)

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General enquiries:

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G

Project name:	Constanta By-Pass Project
Country:	Romania
Project number:	33391
Business sector:	Transport
State/Private:	State sector
Environmental category:	A
Board date:	1 November 2005
Status:	Passed structure review, Pending final review
Date PSD disclosed:	
Date PSD updated:	11 July 2005

Project description and objectives:

The proposed project will support the construction a north-south by-pass to the town of Constanta, linking with the Bucharest-Constanta Motorway, and the rehabilitation of ten strategic bridges (crossing the Danube or the Danube – Black Sea Channel) in the Constanta county.

The project will also include consultancy for:

- (i) detailed design, procurement and works supervision
- (ii) land acquisition
- (iii) assistance to NCMNR in the preparation and implementation of performance-based road operation and maintenance contracts.

Transition impact:

Transition impact would stem from improved corporate government, sector finance and private sector involvement in road maintenance.

The operation will

- assist with further improving the road sector financing and the availability of financing for road maintenance. It will ensure adequate financing and expenditure for road maintenance in accordance with the road network

current status and future development. It will also review and improve the road user charges framework.

- support with the introduction of performance-based road maintenance contracts in Romania. This will increase competition and will increase private sector involvement in the sector. It will also improve the effectiveness and efficiency of road maintenance.
- assist NAR with improving the framework for road construction related land acquisition and utilities relocation.

The client:

The borrower is Romania. The proposed project will be implemented by NCMNR a Government-owned company. NCMNR's responsibilities include the functions of planning, standard setting, programming (assessing needs, budgeting and prioritising the allocation of funds), preparation (design and procurement) of road construction, rehabilitation and periodic maintenance, and undertaking routine and winter maintenance.

EBRD finance:

The facility will consist of a sovereign loan to Romania in the amount of EUR 100 million to be on lent to the National Company for Motorways and National Roads (NCMNR).

The Project is part of a programme parallel-financed by EIB and EBRD consisting of completion of the Bucharest-Constanta Motorway from Cernavoda to Constanta, construction of the Constanta By-Pass and rehabilitation of ten bridges.

Total project cost:

Total project cost is estimated at EUR 152 million.

Environmental impact:

Brief description of the project

The proposed Project will support the construction a north-south by-pass to the town of Constanta, linking with the Bucharest-Constanta Motorway, and the rehabilitation of ten strategic bridges (crossing the Danube or the Danube – Black Sea Channel) in the Constanta County. The project will also include consultancy for:

- (i) detailed design, procurement and works supervision;
- (ii) land acquisition; and

(iii) assistance to NCMNR in the preparation and implementation of performance-based road operation and maintenance contracts.

Screening categories and rationale for classification

The Project has been classified A/0 requiring a full Environmental Impact Assessment (EIA). The EIA has been carried out by international consultants in accordance with both Romanian and European Union (EU) legal requirements and Bank policy.

Information reviewed

The EIA and associated public consultation, prepared by RNCMNR and its Advisers, can be viewed at the [Sponsor's website](#). The Environmental Impact Assessment (EIA) had been carried out in accordance with Romanian EIA law, which is harmonised with the EU EIA Directive as well as with EBRD's specific EIA requirements. The Executive Summary of the EIA is available [here](#).

Consideration of alternatives

The proposed route was selected from five alternative routes after a combined evaluation of technical, economic and environmental criteria

Key environmental issues and mitigation measures

The area is located in the large open land of south Dobrogea region characterized by an intensive agricultural use, mainly arable land and grassland. The natural value of the area is very poor and the main ecosystem is agricultural crops with few trees and shrubs along the local roads and between the different fields. In the area the most important natural site is the Botanic Reserve of Valul Lui Traian.

The landscape along the motorway is uniform with the important site of the fortification line Valul lui Traian. Along this historical element is a protected area with the same name. The botanic reserve includes a number of Red List flora and fauna species characteristic elements of the original habitat of steppe zone. The Valul lui Traian protected area is a mixed reserve of botanical and forestry areas, Grassland or woodland planting will be distributed along the road as screening and landscape integration. Specific Landscape Mitigation Measures, such as plantation of noise bunds, will be established in order to mitigate the impacts on neighbouring properties.

The air quality along the proposed motorway line is good. The air emissions from the increased road use are not likely to be significant. The properties along the scheme identified as having potential noise impact will be protected, e.g. by earth bounds. The large-scale construction activities, including the use of a variety of engines, rock breaking and construction traffic, may temporarily generate significant levels of noise. The contractors will be obliged to take specific noise abatement measures.

The alignment of the bypass traverses only rural areas and passes in the west part of Constanta town, near the Ovidu and Cumpana urban settlements and the settlement of Lazu. The proposed alignment does not cross/by-pass directly any major settlements and consequently the number of affected population is low. The investigation on the socio-economic status along the motorway alignment confirms that impacts on population is not a main critical issue, but are more related to indirect impacts on population including noise, landscape, historical and archaeological sites, air quality, land use and settlement patterns.

As result of the environmental investigation, the agricultural ecosystem has been identified as the main critical issue along with the urban area of Lazu and the archaeological site of Vallum Traiani and the protected natural area with the same name.

Mitigation measures to address all the potential impacts are set out in the EIA. And will be developed further in the Environmental Management and Monitoring Plan (below).

Environmental management and monitoring

An Environmental Management Plan (EMP) is being developed to define the environmental measures and procedures to prevent, minimise and mitigate adverse impacts and to ensure compliance with applicable environmental standards during both the construction and operation of the road. The EMP will define necessary mitigation measures, environmental monitoring plan and institutional measures to be taken during project construction and operation. The EMP will be finalised when the detailed design of the project is completed. It may need to be revised during the course of the project implementation. The environmental monitoring of the key impacts identified in the EIA will ensure the efficiency of the planned mitigation measures.

Disclosure of information and public consultation

A public scoping discussions to identify relevant issues to be addressed in the EIA study were held in Constanta on March 2005, where over 100 representatives, including NGOs attended. The EIA was made publicly available for comment on July 1, 2005 for a period of at least 120 days prior to Board consideration. A further Public Meeting is planned to take place on July 19, 2005 in Constanta. The issues raised at the meetings will be taken into account in the preparation of the Final Detailed Design.

The Sponsor will organise on-going disclosure of information on the progress of the project and its environmental impacts throughout the project implementation on its website, in annual environmental reports and through periodic press releases.

Supervision and reporting

The Sponsor will report to EBRD annually on the measured environmental

impacts and on the implementation of the EMP. The Bank will evaluate the project's compliance with the applicable environmental and social requirements during the lifetime of the project by reviewing these reports. EBRD environmental specialist may conduct monitoring visits to the site when and if deemed appropriate. In addition, independent environmental monitoring audits may be carried out.

Technical cooperation:

None.

For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

Procurement or tendering opportunities:

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H

Project name:	Krasnodar Municipal Services Development Programme
Country:	Russia
Project number:	35696
Business sector:	Municipal and environmental infrastructure
State/Private:	State sector
Environmental category:	B
Board date:	26 October 2005
Status:	Passed concept review, Pending final review
Date PSD disclosed:	
Date PSD updated:	1 July 2005

Project description and objectives:

The proposed project would involve a loan to the Krasnodar Water Company (the Borrower), backed by a full financial guarantee of the City of Krasnodar (the "Guarantor"), the wholly owner the Borrower. The project would focus on priority investments that reduce operating costs and finance general rehabilitation and

upgrading of the municipal water and waste water systems in the City of Krasnodar.

Transition impact:

The proposed project will have an impact on the transition process through the following:

- (i) commercialization of the Water Company through introduction of Public Service Contract, transformation into a joint-stock company, improving business planning and financial reporting, including adoption of IFRS, as well as improving operational efficiency of the company
- (ii) tariff reform: bringing tariffs to cost recovery levels and reducing cross-subsidies between different categories of users
- (iii) transfer of skills during the implementation phase including the procurement, design, installation and contracts supervision in accordance to the best available international engineering practice

The client:

The borrower is the Krasnodar Water Company (Vodokanal), a municipal unitary enterprise. The City of Krasnodar will act as the Guarantor.

EBRD finance:

Senior loan to the Krasnodar Water Company in RUR equivalent of up to EUR 10 million, backed by a full financial guarantee of the City of Krasnodar.

Total project cost:

Equivalent to EUR 13 million.

Environmental impact:

Screened B/1.

The potential project has significant environmental objectives. An Environmental Analysis and Audit will be carried out by international consultants as part of the feasibility study. This section will be updated and amended as soon as the environmental due diligence has been completed.

Technical cooperation:

Project Preparation:

- Vodokanal Feasibility Study (EUR 250,000) financed with JEP II Framework (EU funded).

- Vodokanal IFRS Audit (EUR 60,000) financed with MISP Facility (EU funded).

Grant financing will be sought for project Implementation:

- PIU training and support for Vodokanal (EUR 300,000).
- Financial and Operational Performance Improvement and Corporate Development Programme for Vodokanal aimed at enhancing its commercial viability and institutional capacity. Development of incentive based service contracts for provision of municipal services (up to EUR 400,000)
- Credit Enhancement Programme (CEP) for the City of Krasnodar (EUR 300,000)

For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

Procurement or tendering opportunities:

Visit [EBRD Procurement](#)

Enquiries: Tel: +44 20 7338 6534; Fax: +44 20 7338 7472, Email: procurement@ebrd.com

General enquiries:

EBRD project enquiries not related to procurement:

Tel: +44 20 7338 7168; Fax: +44 20 7338 7380

Email: projectenquiries@ebrd.com

III. ADDITIONAL INFORMATION AND ASSISTANCE:

- A. US Advocacy Center EBRD Liaison Office (AC-EBRD):** AC-EBRD is an integral part of U.S. representation at the EBRD with a mandate to increase the effectiveness of U.S. participation in the Bank's projects. For more information about project opportunities at the European Bank for Reconstruction and Development (EBRD) please contact:

Gurjit Bassi
Commercial Assistant
Commercial Service EBRD Liaison Office

Tel: 44-20-7588-8490, fax: 44-20-7588-8443.

Web: www.buyusa.gov/ebd
E-mail: Gurjit.Bassi@mail.doc.gov

Note: CS-EBRD can offer its services only to US companies. EBRD procurement opportunities can be viewed at www.ebrd.com/oppo/procure/ops/index.htm. An updated list of EBRD publications can also be found on the main website www.ebrd.com

- B. BISNIS:** The Business Information Service for the Newly Independent States (BISNIS). Countries covered: Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, Russia, Ukraine, Uzbekistan. Web: www.bisnis.doc.gov Tel: +(202) 482-4655, Fax + (202) 482-2293.
- C. CEEBIC:** Central and Eastern Europe Business Information Center (CEEbic). Countries of covered: Albania, Bosnia & Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, FYR Macedonia, Hungary, Latvia, Lithuania, Poland, Romania, Serbia & Montenegro, Slovak Republic, Slovenia. Web: <http://www.mac.doc.gov/ceebic> Tel: +(202) 482 2645, Fax: +(202) 482 4473